

Message Text

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ORIGIN OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-07 SS-15 AGR-10 (ISO) R

DRAFTED BY OPIC/F GWILLIAMS

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OPIC/F:FRHILL

OPIC/ID:AKRAMISH

OPIC/F:PMCALLUM

OPIC/P:DGREGG

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: OPIC AGRIBUSINESS DEVELOPMENT: GREGG -
GHAVAMIAN LETTER OF APRIL 25, 1975

REF: (A) TEHRAN 12314; (B) TEHRAN 8854

1. OPIC APRIL 25 PROPOSAL WAS IN RESPONSE TO ITEM 6 OF THE MINUTES OF THE AGRICULTURE SUB-COMMITTEE OF THE ECONOMY AND FINANCE COMMITTEE OF THE JOINT U.S.-IRAN COMMISSION OF APRIL 21-22, 1975, AND GOI INQUIRY ON WHAT BASIS USG WO;LD BE PREPARED TO FIND QUALIFIED FIRMS TO UNDERTAKE AGRICULTURAL DEVELOPMENT OF LARGE TRACTS. GOI, BY WAY OF EXAMPLE, NAMED THREE SUCH AREAS ON WHICH THEY NOW COULD PROVIDE SUBSTANTIAL FEASIBILITY INFORMATION. IN RESPONSE OPIC HAS UNCLASSIFIED

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TAKEN FIRST STEP BY SUBMITTING PROPOSAL.

2. NEXT STEPS SHOULD BE UP TO IRANIANS, BECAUSE THE REFERENCED OPIC PROPOSAL (A) CALLED FOR THEM TO PROVIDE AVAILABLE DETAILS ON POSSIBLE PROJECTS IN IRAN FOR U.S. PRIVATE INVESTMENT AND JOINT VENTURE IMPLEMENTATION WHICH OPIC WOULD SCREEN AND FOR WHICH OPIC WOULD IDENTIFY U.S. PARTNERS AND (B) CALLED FOR THEM, IN EXCHANGE, TO AGREE IN PRINCIPLE TO SELECTIVE PARALLEL GOI-USG FINANCING OF PRIVATE SECTOR PROJECTS IN POORER LDCS. IF THIS APPROACH WERE AGREEABLE TO THEM, OPIC SUGGESTED A MEETING TO WORK OUT

IMPLEMENTING DETAILS AND CRITERIA.

3. IT IS DIFFICULT TO PERCEIVE WHAT GOI WANTS FROM OPIC IN TERMS OF A SPECIFIC PROPOSAL BEYOND WHAT OPIC HAS PROFFERED, UNLESS GOI ASKING FOR AN EXAMPLE OF A THIRD COUNTRY INVESTMENT OPPORTUNITY UNDER PARAGRAPH 2(B) ABOVE. WITHOUT KNOWING, HOWEVER, WHAT INVESTMENT CRITERIA IRANIANS HAVE OR WHAT GOI INSTITUTION WILL BE THE SOURCE OF THE FUNDS, OPIC SEVERELY LIMITED AS TO CLIENTS IT CAN ASK TO AUTHORIZE DELIVERY TO GOI OF SENSITIVE INFORMATION DESCRIBING INVESTMENT OPPORTUNITY. NEVERTHELESS, OPIC HAS SEVERAL POSSIBLE PROJECT CANDIDATES DEPENDING ON WHAT GOI CRITERIA ARE AND WHAT APPROACH THEY WISH TO TAKE ON THIRD COUNTRY INVESTMENT. CONSEQUENTLY, GOI GUIDANCE NEEDED COVERING SUCH FACTORS AS (A) TYPE OF INVESTMENT, E.G., EQUITY OR DEBT; (B) RANGE OF RETURN EXPECTED AND IMPORTANCE OF SECURITY, E.G., HOST COUNTRY GUARANTY (WHICH OPIC RARELY SEEKS), MORTGAGE OF ASSETS; (C) WHAT SIZE INVESTMENT CAN BE CONSIDERED; WHAT PERCENTAGE OF THE TOTAL PROJECT COST; (D) MUST THE INVESTMENT BE IN A SEASONED COMPANY OR ARE START-UPS ACCEPTABLE; (E) WHAT COUNTRIES; WHAT INDUSTRIES; (F) ARE THERE CRITERIA OF A FOREIGN POLICY OR DEVELOPMENTAL NATURE TO BE APPLIED, NOT MERELY INVESTOR CRITERIA. THIS IS KIND OF INFORMATION OPIC HOPED TO DEVELOP AND EXCHANGE IN MEETING SUGGESTED IN APRIL 25 LETTER.

4. IF GOI WANTS TO REVERSE ORDER OF PARAGRAPH TWO ABOVE, I.E., DISCUSS FIRST POSSIBLE INVESTMENTS IN THIRD COUNTRY UNCLASSIFIED

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JOINT VENTURES, OPIC PREPARED TO DO SO FOLLOWING IDENTIFYING GOI OBJECTIVES PER PARAGRAPH THREE ABOVE.

5. IN LIGHT OF TIME ELAPSED SINCE ITS APRIL PROPOSAL, GOI MAY WISH TO DIRECT FURTHER CONSIDERATION OF THE SUBJECT TOWARD RESOLUTION AT SPRING MEETING OF JOINT COMMISSION.

6. FULL PACKAGE SURROUNDING OPIC'S APRIL 25 PROPOSAL AND

ITS INVESTMENT CRITERIA BEING POUCHED FOR EMBASSY FILES.
EMBASSY REQUESTED DISCUSS SUBJECT WITH APPROPRIATE GOI
OFFICIALS, DRAWING ON ABOVE, AND ADVISE REACTION AND NEXT
MOVES.

7. FYI: GREGG DID NOT MEET WITH GHAVAMIAN IN APRIL.
DISCUSSIONS, WHICH WERE BRIEF, WERE BETWEEN HIM AND
GRAHAM WILLIAMS AND ARVIN KRAMISH OF OPIC. GHAVAMIAN AT
THAT MEETING INDICATED STRONG GOI INTEREST AND REQUESTED
FOLLOW-UP WRITTEN PROPOSAL, WHICH GREGG LETTER PROVIDED.
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